

## KINDERGARTEN THROUGH GRADE 12 EDUCATION

Program 714

### SPI - Compensation Adjustments

#### Recommendation Summary

Dollars in Thousands

	Annual FTEs General Fund State	Other Funds	Total Funds
<b>2005-07 Expenditure Authority</b>	260,949	1,334	262,283
<b>Supplemental Changes</b>			
Pension Plan 1 Unfunded Liability		1,335	1,335
Health Benefit Changes	2,582		2,582
Promoting Academic Success	1,278		1,278
Pension Rate Correction	(155)	1	(154)
Enrollment/Workload Adjustment, SPI	1,303	4	1,307
Initiative 732 COLA	31,267	103	31,370
<b>Subtotal - Supplemental Changes</b>	36,275	1,443	37,718
<b>Total Proposed Budget</b>	297,224	2,777	300,001
Difference	36,275	1,443	37,718
Percent Change	13.9%	108.2%	14.4%

#### SUPPLEMENTAL CHANGES

##### Health Benefit Changes

The original 2005-07 Operating Budget provided an increase in the health benefit funding rate from the 2005-06 school year to the 2006-07 school year of 8 percent. Funding is provided for a rate increase of 8.5 percent between the two school years.

##### Promoting Academic Success

The additional certificated instructional staff provided under the new Promoting Academic Success program causes compensation increases to cost more.

##### Pension Rate Correction

The pension rates used to calculate state funding for basic education programs in the original biennial budget were incorrect. The correction results in an increase in state funding for the 2005-06 school year and a decrease in state funding in the 2006-07 school year for pension costs associated with Initiative 732 salary increases. (General Fund-State, General Fund-Federal)

##### Enrollment/Workload Adjustment, SPI

Since enrollment is higher than expected, there is an increase in the number of teachers and other staff funded by the state, resulting in additional costs for providing the health benefit and salary increases included in the 2005-07 Biennial Budget. (General Fund-State, General Fund-Federal)

##### Initiative 732 COLA

The Seattle Consumer Price Index (CPI) used to calculate the 2006-07 salary increase mandated by Initiative 732 is higher than originally expected. The 2005-07 Operating Budget estimated the second year increase at 1.7 percent. The current CPI estimate is now 2.7 percent. This change results in an increase of \$31.3 million for cost-of-living increases. (General Fund-State, General Fund-Federal)